

OGC Has Reviewed

MEMORANDUM OF POINTS FOR CONSIDERATION BY THE DIRECTOR IN CONSIDERING MR. GRAY'S REQUEST FOR APPOINTMENTS OF SUPER GRADES BY CIA

1. The attached letter from Mr. Gray (Tab "A") requests that six or seven officers be appointed and compensated as CIA employees in grades GS-16 to GS-18 for permanent loan to his staff. It is believed that the Director has discussed this generally with Mr. Gray.
2. There would be no problem in assigning present CIA employees in super grades to work on joint committees in the field of psychological strategy. The President's Directive, however, and its planned implementation by Mr. Gray appear to establish more than a joint committee. The Psychological Strategy Board in effect becomes a new and separate entity with its own permanent staff. Normally this can only be done by special legislation or under general legislative authorities and with specific appropriations of money by the Congress.
3. Since Congressional sanction has not been sought, an attempt was made to solve the support of the Board by establishment of a working fund to which State, Defense and CIA would contribute. It was hoped that the CIA authority for appointment of super grades would follow its contribution and allow the Board to appoint its own GS-16's, 17's and 18's. The Comptroller General's office could not accept this theory but agreed that it could not object on legal grounds to detail of CIA employees in super grades to the Board. The Comptroller General's office, however, felt that the temporary expedients suggested to support the Board at this time would have to be legitimized by Congressional action, preferably by the next fiscal year. It appears probable, therefore, that no exceptions would be raised by the General Accounting Office if Mr. Gray's request is carried out. However, if the officers involved are persons of Mr. Gray's choice who are then employed by CIA and assigned to the Board, the device would appear to be a subterfuge for accomplishing what the Board had not itself authority to do.
4. This raises two points. One, the series of understandings and commitments to Government agencies and the Congress which led to the broad grant of statutory authority to CIA which in turn

allows freedom in the appointment of super grades within the Agency. The proposed use of our super-grade authority for support of the Board would be contrary to the spirit of those commitments. Excerpts from pertinent documents outlining this aspect are included in Tab "B". The second point involves the growing concern within the Government with the whole question of super grades. The Bureau of the Budget wishes to re-examine the use of super grades in all agencies, including CIA. In this connection, a comparison of super grades in the National Security Council staff and in the proposed Psychological Strategy Board staff is deemed pertinent. Set forth in detail in Tab "C" it indicates that the Psychological Strategy Board desires exactly twice as many super grades as are proposed for the National Security Council staff, and that actually at present only one GS-17 has been approved for the National Security Council staff.

5. Acceding to Mr. Gray's request therefore could involve CIA in serious criticism in connection both with the numbers involved and with the question of whether the Agency would not thereby be using its broad powers in a manner not intended by the Congress which granted them. In addition, it might well be considered a breach of faith by those agencies, such as the Bureau of the Budget and the Comptroller General's office, which have given CIA so much support on the basis of confidence in the administration of its powers.

6. Rather than complying with the request therefore the solution appears to lie in early action on the part of the National Security Council staff and the Executive Secretary thereof to request Congressional sanction of the Psychological Strategy Board and an appropriation which would provide for the number of super grades which Congress would consider appropriate. It is still possible that by immediate action in the Senate the matter could be brought to conference for final action in this session.

Enclosures:

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Tab "A" - w/

Tab "B"

Tab "C"

no ey for OSC

OGC/LRH:mw

Distribution:

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TAB A